MCUL
MICHIGAN CREDIT UNION LEAGUE
Helping Credit Unions Serve Their Members

May 10, 2004

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

RE: HMDA Public Disclosure Revisions (Docket No. R-1186)

Dear Ms. Johnson,

The Michigan Credit Union League (MCUL) appreciates the opportunity to provide comments to the Federal Reserve Board (FRB) concerning the FRB's revisions to the Home Mortgage Disclosure Act (HMDA) public disclosure statements. The MCUL is a trade association representing over 90% of state and federally chartered credit unions in the state of Michigan. This comment letter was drafted in consultation with the MCUL Government Affairs Committee, which is comprised of Michigan credit union staff and officials.

MCUL generally supports the changes to the public disclosure tables presented. We understand that these changes are necessary to in order to report the new regulatory HMDA changes that went into effect this year. We believe that most of the changes to the existing tables, the removal of the outdated unnecessary tables, and the addition of the new tables are necessary to reflect the new changes to HMDA. We oppose some of the proposed changes, as we believe that these are unnecessary, burdensome and are inefficient ways to present information.

Summary of Comments

- We support the changes to, and proposed elimination of, the existing tables that are found in HMDA reporting currently.
- We oppose the section of table eleven that requires financial institutions to break down the ranges of loans that are made three percent over the comparable Treasury security. We feel that this puts unnecessary reporting responsibilities on credit unions and does not accurately explain the risks that would justify the higher interest rates.
- We recommend that table twelve requirements be phased in with the other tables to report the information more efficiently.

Discussion

Support Changes to Existing Tables. MCUL generally supports the addition of, and changes to, most of the new tables. MCUL understands the addition of a manufactured housing classification under tables one and two. We understand the proposed additions to table three and four to reflect: revised categories for the type of purchaser, and removal from table three detailing loans sold by sex

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of the borrower. We support the changes to reflect the new racial categories that are reflected in the categories three, four, five, and eight. We support eliminating table six because of the redundancy of the information that can be found in other tables. We further support the other proposed changes to the existing tables.

Oppose Rate Spread Reporting in New Table Eleven. We oppose the new table eleven as proposed. We support the ability of the FRB to collect and disseminate the information regarding the number of loans that are over three percentage points above a comparable Treasury security. However, we oppose being required to report them in various ranges of percentage points. We feel that this information is cumbersome for credit unions to track and report. We also feel that these numbers do not offer real value.

If a credit union is making an effort to do risk based pricing and they are providing loans to members who are higher risk, they will have to charge more to cover their risk. If HOEPA triggers are not made until an APR is eight or more percentage points over the comparable Treasury yield for first-lien loans, and ten or more percentage points over the comparable Treasury yield for subordinate-lien loans, then we do not understand the significance of creating ranges of percentage points from three to eight percent above the comparable security. This would seem to discourage credit unions from doing risk based pricing on loans and making loans to a greater economic demographic. We believe that in order to comply with the recent HMDA changes, credit unions should instead just report the number of loans that are in excess of three percent over the comparable Treasury yield. We also believe that it is unnecessary to include the number of loans less than three percent from the comparable Treasury yield, as this seems like information that people could gather from other existing data.

Remove Table Twelve. We recommend that table twelve not be added to the reporting requirements. According to the comment call the action taken in table twelve bears some similarity to new tables 4-7, 5-7, and 7-7. It is also structured similarly to table eleven, according to the comment call. Rather than creating an entirely new table, we question whether this information could be included with one of the other tables. This would prevent a new table and reporting requirement from needing to be created. If the information could be included with the other tables, then it would be less paperwork and cut down on the length of reports generated. We think that it is a good suggestion to review all tables to determine if there is other information that could be included in another existing format. The MCUL supports anything that will enable the tables to be further altered to cut down on multiple reports or tables being generated. Anything that will cover the statutory requirements of HMDA, while at the same cutting down on paperwork and the burden of reporting is favored by the MCUL.

We thank you for the opportunity to comment.

Sincerely,

Matthew O. Beard

Matthew Beard
Regulatory Specialist
Michigan Credit Union League

cc: Credit Union National Association, Inc.